

**COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE**

AGENT LICENSING DIVISION

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LIFE SETTLEMENT BROKER

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This document is for general information purposes only. It does not amend or precede provisions of the Kentucky Revised Statutes or Administrative Regulations. For more complete information, refer to the Kentucky Insurance Code.

Life Settlement is the policy owner's sale of the life insurance benefits to an investor for less than the policy's expected death benefit and before the insured's death. Some terminally ill or older insureds are willing to sell their policies to pay for medical care or other needs; and some other policy owners are willing to sell their policies because the individual, the family, or the business associates no longer need the financial security the policy offers. In addition, certain investors are willing to buy these life insurance policies and pay the future premiums with the expectation of getting a good return on a relatively short-term investment.

This business of investors buying life insurance policies from policyholders is available in the market under names such as Senior Settlements, Life Settlements, and Secondary Markets for Life Insurance. But regardless of what names are used, these transactions are regulated in Kentucky as life settlements. Further, the persons assisting the policy owners with the life transactions (brokers) and the persons purchasing the life insurance policies (providers) are required to be licensed by the Department of Insurance.

“Life Settlement Broker” means an individual or business entity who, for a fee, commission, or other valuable consideration, offers or advertises the availability of life settlements, introduces a viator to life settlement providers, or offers or attempts to negotiate life settlements between a viator and one or more life settlement providers.

Exceptions – Life settlement broker does not include the following who is retained to represent the viator and whose compensation is not paid by the life settlement provider:

- Attorney,
- Certified public accountant, or
- Financial planner.

“Life Settlement Provider” means an individual or business entity that purchases the death benefits from the viator for less than the expected death benefits. (The licensing of life settlement providers is addressed in a separate information summary.)

Exceptions – Life settlement provider does not include the following:

- Lending institution that takes an assignment of a policy as collateral for a loan,
- Issuer of a policy that provides accelerated benefits,
- Individual who does not enter into more than one life settlement agreement in a calendar year, or
- Related provider trust, or
- An authorized or eligible insurer that provides stop-loss coverage to a life settlement provider, financing entity, special purpose entity, or related provider trust, or
- A special purpose entity, or
- An accredited investor or qualified institutional buyer who acquires a viaticated policy from a life settlement provider.

“Viator” means a resident of the Commonwealth who is the owner of a policy or a certificate holder under a group policy who enters or seeks to enter into a life settlement contract. A viator shall not be limited to an owner of a life insurance policy or a certificate holder under a group

policy insuring the life of an individual with a terminal or chronic illness or condition except where specifically addressed. If there is more than one (1) viator on a single policy and the viators are residents of different states, the transaction shall be governed by the law of the state in which the viator having the largest percentage of ownership resides or, if the viators hold equal ownership, the state of residence of one (1) viator agreed upon in writing by all viators. "Viator" does not include the following **exceptions**:

- (a) A licensed life settlement provider;
- (b) An accredited investor or qualified institutional buyer as defined respectively in Regulation D, Rule 501 or Rule 144A of the Federal Securities Act of 1933 as amended;
- (c) A financing entity;
- (d) A special purpose entity;
- (e) A related provider trust.

“Viaticated policy” means a policy that has been acquired by a life settlement provider pursuant to a life settlement contract.

Statutory Responsibilities and Duties of Life Settlement Broker and Life Settlement Provider – Specific requirements and restrictions for life settlement brokers and life settlement providers are set out in KRS 304.15-020, 304.15-700 through 304.15-725, 806 KAR 9:310, 806 KAR 9:320, and 806 KAR 15:050. The licensee should refer to these parts of the Kentucky Insurance Code for details relating to standards for life settlement contracts and other forms, required reports, advertising, general rules, and prohibited practices with respect to life settlement transactions. Licensed life settlement brokers and life settlement providers will be held to compliance with these statutes and administrative regulations as well as to all other applicable provisions in the Insurance Code.

Note: Information about the filing of life settlement forms and contracts required by KRS 304.15-700 to get a license and conduct life settlement transactions is available from the Life Insurance Division through the Department’s Web site at <http://doi.ppr.ky.gov/kentucky/>

WARNINGS

Notice of Action Against License – Every licensee must notify the Department in writing within 30 days of initiation of

- **Disciplinary action** taken by any jurisdiction against the license or any other professional license; or
- **Criminal action** taken by any jurisdiction against the licensee.

Address Change or Name Change – Every licensee must notify the Department, in writing, of any change in residence address, business address, or legal name within 30 days of the change. Agents, individual or business entity, surplus lines brokers, rental vehicle agents and managing employees, specialty credit producers and managing employees, reinsurance intermediary brokers, and reinsurance intermediary managers are subject to a penalty up to \$1,000 for failure to do so. Adjusters, administrators, life settlement brokers, life settlement providers, and consultants are subject to a penalty up to \$2,000.

Address changes should be submitted on Record Correction **Form 8303**. (Moving from Kentucky to another state may require surrendering the resident license and applying for

nonresident license. Also moving to Kentucky from another state may require surrendering the nonresident license and applying for a resident license.)

- **Name changes** should be submitted on Record Correction **Form 8303** with pertinent legal documentation approving the name change, including any amendments filed with the Kentucky Secretary of State.

Form 8303 should include the licensee's name and identification number (the licensee's Social Security Number, Federal Employer Identification Number, or Department of Insurance identification number); and it should be submitted to the Department online by clicking on eServices at <http://doi.ppr.ky.gov/kentucky/> to set up a password protected account or by mail to:

Department of Insurance
Agent Licensing Division
Post Office Box 517
Frankfort, KY 40602-0517

Corrected License Certificate – Because the insurance law requires that the license contain the licensee's name, city and state of principal place of business address, and other pertinent information, every licensee that changes this information must request a corrected license from the Department. To get a corrected license with the name, city, or state change, the licensee may request online or submit a request on **Form 8306** and return the out-of-date original license. A license with the new name, new city, or new state will be provided without charge and mailed to the current designated address of the licensed individual or the licensed business entity.

Change of Home State – A nonresident licensee who changes his or her home state to a state other than Kentucky must file a change of address **Form 8303** and provide a Certification Letter from the new home state within 30 days of the change. No fee or license application is required.

MISCELLANEOUS INFORMATION

Notice of Commissioner's Order – Every licensee is deemed to have received any notice or order of the Commissioner mailed to the licensee's address on file with the Department.

Licensee's Office Open to Public – If Kentucky is the Home State, the licensee is required to have and maintain an office in Kentucky that is accessible to the public, and that is the place where the licensee principally conducts transactions under the license. This requirement does not prohibit the licensee from maintaining this office in the office of an insurer, in the office of the employer, or in the home of the licensee. (Kentucky is the Home State if the licensee has a Kentucky resident license or has a Kentucky principal place of business and does not hold a resident license in another state.)

Display of License and Retention of Records – The license of all licensees must be conspicuously displayed in each Kentucky place of business in a part customarily open to the public. In addition, complete records of transactions under the license must be kept at the place of business for at least 5 years after completion of the purpose for which it was created. [KRS 304.9-390 and 806 KAR 2:070]

Service of Process – All nonresident licensees are deemed to have irrevocably appointed the Kentucky Secretary of State to receive service of process in any court action against the licensee

arising out of transactions under the Kentucky license.

Designations – A licensed business entity can only exercise its license through a designated licensed and appointed individual. Each designated individual has to hold the same kind of license as the business entity and, if the business entity license has lines of authority, have at least one of the same lines of authority. Further, the designated individual may only exercise the business entity license for the lines of authority held in common by both the business entity and the individual.

(For example, a business entity agent is like a building: it cannot operate unless there is an individual to sell the policies and an insurance company to issue the policies. So, **the business entity agent must designate individual licensed agents and have appointments with insurers**. Likewise, **the individual agent must have at least one appointment** of his or her own with an insurer.)

Each licensed business entity must file with the Department

- **Form 8305 – Notice of the designation** of an individual within 30 days of the designation or termination of the designation; and
- **Annual report** by January 31, each odd year, of all designated individuals whose designations are not terminated prior to January 1. (The Department will provide the format to be used for this report.)

Certification / Clearance Letter from Kentucky Department of Insurance – If an applicant for a license in another state holds or has held a Kentucky resident license, the other state may require a letter from the Kentucky Department of Insurance. A Certification Letter states that the license is active and in good standing in Kentucky (needed to license a Kentucky resident licensee as a nonresident licensee in another state). A Clearance Letter states that the former licensee was in good standing at the time the Kentucky license terminated (needed to license a former Kentucky resident licensee as a resident licensee in another state). Kentucky has combined these two letters:

- If the license is active, the letter will serve as a certification letter for the current license activity; and
- If the license is no longer active, the letter will indicate the last date of license and the date it became inactive, thus serving as a clearance letter.

Each letter must be requested online at <http://doi.ppr.ky.gov/kentucky/> click eServices, set up a password-protected account, and complete the Certification/Clearance Letter Request Form. Complete the licensee's full name, identification number (the licensee's Social Security Number, Federal Employer Identification Number, or Department of Insurance identification number), and type of letter needed. Also, the licensee must indicate where the processed paperwork should be mailed by providing the correct address on the request. Fees may be paid by credit or debit card online, or make check payable to the "Kentucky State Treasurer" in an amount of \$5 for each letter requested. The fee must be included with the request.

Certification / Clearance Letters to Kentucky Department of Insurance – Kentucky no longer requires a letter (only verification through the NAIC Producer Database) from the other state if the applicant for a Kentucky license holds or has held a resident license in the other state.
Request for Kentucky Nonresident License –

- Kentucky will verify electronically through NAIC Producer Database, that the

nonresident applicant is licensed and in good standing in the resident state.

- A nonresident individual or business entity, which has a Kentucky nonresident license and changes its home state, must file Record Correction **Form 8303**.

Request for Kentucky Resident License –

- Kentucky will verify electronically through NAIC Producer Database, that the nonresident applicant is no longer licensed in the other state.

Purchase of Kentucky Insurance Code – Because there is so much involved in the licensing and the legal requirements imposed on a licensee, the Department suggests that every licensee get a copy of *Kentucky Insurance Laws and Regulations, 2004 Edition*. This Kentucky insurance code can be purchased for \$36.50 through the Department of Insurance. It will provide a better understanding of Kentucky insurance laws and procedures. In the alternative, the licensee may access Kentucky's insurance laws and administrative regulations through the Legislative Research Commission Web site at www.lrc.state.ky.us under "Legislative Resources."

Forms and Additional Information – Kentucky-specific applications and most other forms for all licensees are available through the Department's Web site at <http://doi.ppr.ky.gov/kentucky/> under the "Agent Licensing" section of the menu titled "Licensee Procedures, Forms and Information." Also visit this Web site for additional information on all types of licenses, as well as verification of license status, continuing education credit, appointment, designations with business entities, etc. The Licensing Division is also available to provide information and answer questions through its e-mail address at KOIAgentLicensingMail@ky.gov or by telephone at (502) 564-6004.

INDIVIDUAL RESIDENT OR NONRESIDENT LIFE SETTLEMENT BROKER

The Kentucky Insurance Code provides for a life settlement broker license without distinguishing between a resident and a nonresident applicant.

QUALIFICATIONS – The applicant must

- Be at least 21 years old;
- Have completed a 40 hour life prelicensing training program;
- Have passed a life examination;
- Be financially responsible to exercise the license; and
- Pay all applicable fees.

APPLICATION – The applicant is required to certify, under penalty of perjury, that the application for the license is true. Further, the Department must receive the following to process the individual's application:

Individual License Application – **Form 8301** (completed in its entirety and attaching the appropriate information)

Original Certification Letter from home state or verification through NAIC Producer Data Base, if nonresident

Form CPL-01 Proof of completion of approved 40-hour life prelicensing training program

Criminal background report from Administrative Office of the Courts (obtain the report by filing **Form 8301-BGC** with the AOC; submit a copy of the report received with the application)

Proof of financial responsibility filed by the insurer or financial institution directly with the Department in any one or more of the prescribed forms:

- Errors & Omissions policy – **Form 99-1**
- Letter of credit – **Form 99-2**
- Surety bond – **Form 99-3**

If using assumed name, copies of Certificate of Assumed Name filed with application for license and with each Kentucky County Clerk where the applicant intends to transact business

All applicable non-refundable fees

FEES – The applicant must remit the \$250 nonrefundable fee for a life settlement broker license. Also, the applicant must remit an additional \$50 for examination if an examination is required.

CRIMINAL BACKGROUND CHECK – Statutory changes require the Department to assume responsibility for investigating whether the individual applying for an agent license is trustworthy, reliable, and of good reputation before issuing the license. As part of that investigation, the individual must submit a current criminal background report with his or her completed license application. Each individual applicant must obtain the criminal background report from the Administrative Office of the Courts (AOC) by mailing the request **Form 8301-BGC**, as instructed on the form, with a \$10 check or money order made payable to the Kentucky State Treasurer to

Administrative Office of the Courts
Pretrial Services, Records Division
100 Millcreek Park
Frankfort, KY 40601

If Form 8301-BGC is not submitted as indicated on the form, paperwork will not be processed. The license application **Form 8301** should be submitted to the Department only after the applicant has received the AOC report since a copy of the report must be included with the application for license. Note that the background report from AOC is valid for 60 days. At the end of 60 days from the report issue date, a new report will be required if the license has not been issued. If you apply for a new license or new line of authority, a new background check report is required.

PRELICENSING TRAINING – An applicant for a life settlement broker license must complete a 40-hour life prelicensing classroom course of study.

The prelicensing course provider must complete the certification of completion of the

prelicensing course on **Form CPL-01**. The certification of completion should accompany the application **Form 8301**. (Both the prelicensing course and instructor must be prior approved by the Kentucky Department of Insurance.)

If the applicant holds an agent license with a life line of authority for at least one (1) year prior to date of application, he or she is exempt from the prelicensing training course for Life Settlement Broker.

EXAMINATION – The individual applying for a life settlement broker license must successfully pass a life settlement examination given by the Commissioner or in accordance with provisions of an agreement the Commissioner enters with another state. Therefore, the successful completion of a life exam in a state that has a reciprocal life exam agreement with Kentucky will satisfy this requirement upon submission of appropriate proof.

If the applicant holds an agent license with a Life line of authority for at least one (1) year prior to date of application, he or she is exempt from the examination required for Life Settlement Broker.

After the Department has determined that the application and all necessary attachments are in order, the applicant will receive a notice to report for any required exams. The notice to report will be sent to his or her home address or designated mailing address. At that time, the individual must schedule an appointment for the examination(s) online after setting up a password protected account, by clicking on eServices at <http://doi.ppr.ky.gov/kentucky/> or, by calling the Agent Licensing Division at 502-564-6004.

ALL APPLICANTS MUST HAVE RECEIVED A NOTICE TO REPORT OR VERIFY “PENDING EXAMINATION” STATUS ONLINE IN ORDER TO SCHEDULE AN EXAM. ALSO, ALL APPLICANTS MUST PROVIDE PHOTO IDENTIFICATION PRIOR TO BEING ADMITTED FOR ANY EXAMINATION.

The applicant has 120 days from the date of the license application to pass the exam. The applicant may not take the exam more than 3 times during this 120-day period. If the applicant takes an exam and does not pass it, the applicant must submit another \$50 for the new exam along with the Retake **Form 8304** and schedule another appointment. Or, the applicant may schedule the retake and pay the fee online at <http://doi.ppr.ky.gov/kentucky/> under eServices. The expiration date of the application appears on the notice to report. The application will be denied if the applicant fails to pass the exam prior to the expiration date of the application.

Please be advised that if an applicant schedules an appointment for an exam and fails to appear for the scheduled appointment, the applicant will be required to pay an additional retake fee and submit a new retake Form 8304 prior to scheduling a new appointment.

The applicant must have filed any required proof of financial responsibility; in order to become licensed upon passing the exam. The information will be posted immediately to the Web site for verification by the sponsoring insurer(s)

All passing exam scores are good for one year. After this one-year period, the applicant must submit all forms and fees, just like a first-time applicant, and take any required prelicensing training and examinations.

FINANCIAL RESPONSIBILITY – In order to be licensed to transact life settlements, the applicant will be required to have on file with the Department, and maintain while the license is in effect, proof of financial responsibility in the sum of not less than \$500,000 per occurrence and \$1,500,000 in the aggregate for all occurrences within one year. The insurer or the financial institution must file proof of financial responsibility directly with the Department on one or more of the following:

- Errors & Omissions policy issued by an authorized insurer on **Form 99-1**
- Letter of credit from a bank or other qualified financial institution on **Form 99-2**
- Surety bond issued by an authorized insurer on **Form 99-3**

Loss of Financial Responsibility – If at any time the proof of financial responsibility lapses for any reason and is not replaced by the deadline, the license will terminate by act of law. Details about the timely replacement of financial responsibility, which is being cancelled, are set out in 806 KAR 9:210.

APPOINTMENT – N/A

ADDITIONAL LINES OF AUTHORITY – N/A

LICENSE RENEWAL – The license continues in force until expired, suspended, revoked, or otherwise terminated if the licensee makes a written request for continuation, meets continuing education requirements and provides proof of completion documentation, confirms certain other information in the Department's records, and pays the renewal fee as follows:

- \$250

License is renewed online or by completing the Renewal Invoice.

- **Invoice is mailed** to the current address of record filed with the Department at least 30 days before the renewal deadline, and posted to the Web site simultaneously.
- **Confirmation** of renewal information is available on our Web site at <http://doi.ppr.ky.gov/kentucky/> click on eServices in the top right corner.
- **Renewal Period** is based solely on the licensee's birth date.
- **Renewal Deadline** is no later than the last day of the birth month in even numbered years if born in an even year, or odd numbered years if born in an odd year.

Individual license renewal is solely the responsibility of the licensee. **Each licensee must:**

- **Sign** the renewal invoice verifying all information is accurate, or renew online.
- **Return the renewal invoice** directly to the Department or complete online.
- **Remit** any required non-refundable license **renewal fee** to the Department with the renewal invoice, either online or by check made payable to Kentucky State Treasurer, and

The licensee can check the Department's Web site to confirm that the Department has received the renewal invoice, continuing education course completion documentation, and any required renewal fees.

Failure to Renew License by Deadline – If the Department does not receive the license renewal invoice, continuing education course completion documentation, and any required fees by the

deadline, the license will be automatically terminated as of the deadline. The licensee will be prohibited from transacting insurance business until the license is reissued.

However, if the licensee submits the renewal invoice, proof of continuing education compliance, the late renewal penalty payment, and any required renewal fees within 60 days after the deadline, the license may be reissued without the need for a new license application or other documentation. Note that there will be a gap in the license (and any appointments) from the date of the deadline until the date the Department receives the signed renewal invoice, proof of continuing education compliance, penalty fee, and any required renewal fees.

CONTINUING EDUCATION – An individual licensed as a life settlement broker shall complete 24 hours of continuing education in accordance with KRS 304.9-295. Requirements must be met on or before the last day of the birth month for all individual licensees, in **even** numbered years if born in even year, or odd numbered years if born in odd year.

Of the 24 hours:

- At least 6 hours must be directly related to Life insurance,
- At least 3 hours must be in life,
- At least 3 hours must be in ethics, and
- At least 12 hours must be classroom credit.

Only courses approved by the Kentucky Department of Insurance will be accepted as approved credit hours. No more than 12 hours of correspondence course credit will be accepted in any one biennium. **Failure to meet the continuing education requirements by the last day of the birth month, odd or even year depending on the year of birth, will result in the automatic termination of the license.**

Please refer to the Department's Web site, KRS 304.9-295, and 806 KAR 9:220 or 806 KAR 9:310 for additional details related to continuing education, such as the list of the approved providers, how the credit hours should be filed and applied, forms to file, deadlines, and extensions.

Non-Compliance with Continuing Education Requirements – An agent's lines of authority requiring continuing education will automatically terminate if the agent fails to

- Meet continuing education requirements by the last day of the birth month, or
- Verify with the Department of Insurance, the completion **and filing** of proof of course completion, within 60 days of the last day of the birth month.
- The same hours may be credited towards the individual's continuing education requirements for the life settlement broker license and the applicable agent license, if any.

The license will automatically terminate if the individual fails to comply with continuing education requirements and the original license shall be promptly surrendered to the Commissioner, Department of Insurance, without demand.

REISSUE OF TERMINATED LICENSE – The former licensee will have one year (12 months) from his or her license termination date to re-qualify for the license without completing any required precensing training course or passing any required examinations. However, the former licensee must still submit a newly completed license application with all required attachments and pay the applicable non-refundable fees.

In addition to submitting a license application, additional documentation and applicable licensing fees are required if the license was terminated for

- **Failure to meet continuing education** requirements; the former licensee must complete the delinquent hours of continuing education and have certificates of completion filed with the Department.
- **Failure to maintain financial responsibility**, the former licensee must obtain adequate financial responsibility and have the insurer or financial institution file the appropriate proof with the Department.

Note that there will be a gap in the license (and any appointments) from the date of the license termination until the date the license is reissued. During this gap, the licensee cannot exercise the license.

BUSINESS ENTITY RESIDENT OR NONRESIDENT LIFE SETTLEMENT BROKER

The Kentucky Insurance Code provides for a life settlement broker license without distinguishing between a resident and a nonresident applicant.

QUALIFICATIONS – The applicant must:

- Have only individuals acting under the business entity's license who are
 - Designated in the business entity application, and
 - Licensed as individual life settlement brokers;
- Be financially responsible to exercise the license; and
- Pay all applicable fees.

APPLICATION – The applicant is required to certify, under penalty of perjury, that the application for the license is true. Further, the Department must receive the following to process the business entity's application:

Life Settlement Broker/Provider Business Entity License Application – **Form 8301-BE**
(completed in its entirety and attaching the appropriate information)

Kentucky will verify licensure through the NAIC Producer DataBase, if nonresident or submit Certification Letter from resident or home state

List of all individuals to act under business entity license, by filing Form 8305

For each individual to act under business entity license

- Life Settlement Broker/Provider License Application – **Form 8301** OR
- Identification number for Kentucky viatical settlement broker license

Proof of financial responsibility filed by the insurer or financial institution directly with the Office in any one or more of the prescribed forms:

- Errors & Omissions policy – **Form 99-1**
- Letter of credit – **Form 99-2**
- Surety bond – **Form 99-3**

Document demonstrating authority to do business in Kentucky, as applicable

- General Partnership
 - For resident and nonresident
 - Partnership Agreement
- Limited Partnership
 - For resident
 - Certificate of Formation from Kentucky Secretary of State
 - For nonresident
 - Certificate of Registration from Kentucky Secretary of State
- Corporation and Limited Liability Company
 - For resident
 - Certificate of Existence from Kentucky Secretary of State
 - For nonresident
 - Certificate of Authorization from Kentucky Secretary of State

If using assumed name, copies of Certificate of Assumed Name filed with Kentucky Secretary of State and each Kentucky County Clerk where the applicant intends to transact business

All applicable non-refundable fees

FEES – The applicant must remit the \$750 nonrefundable fee for a life settlement broker license.

PRELICENSING TRAINING – N/A

EXAMINATION – N/A

FINANCIAL RESPONSIBILITY – In order to be licensed to transact life settlements, the applicant will be required to have on file with the Department, and maintain while the license is in effect, proof of financial responsibility in the sum of not less than \$500,000 per occurrence and \$1,500,000 in the aggregate for all occurrences within one year. The insurer or the financial institution must file proof of financial responsibility directly with the Department on one or more of the following:

- Errors & Omissions policy issued by an authorized insurer on **Form 99-1**
- Letter of credit from a bank or other qualified financial institution on **Form 99-2**
- Surety bond issued by an authorized insurer on **Form 99-3**

Loss of Financial Responsibility – If at any time the proof of financial responsibility lapses for any reason and is not replaced by the deadline, the license will terminate by act of law. Details about the timely replacement of financial responsibility, which is being cancelled, are set out in 806 KAR 9:210.

APPOINTMENT – N/A

ADDITIONAL LINES OF AUTHORITY – N/A

LICENSE RENEWAL – The license continues in force until expired, suspended, revoked, or otherwise terminated if the licensee makes a written request for continuation, confirms certain other information in the Department's records, and pays the renewal fee as follows:

- \$750

The renewal invoice and the payment of the license renewal fee stated on the renewal invoice are due from the business entity licensee **by March 31 in:**

- Odd-numbered years for a business entity licensed in an odd-numbered year, and
- Even-numbered years for a business entity licensed in an even-numbered year.

(At least 30 days before the renewal deadline, the Department will send the licensee the renewal invoice containing all of the information that must be confirmed as well as the amount of the renewal fee due.)

License is renewed online or by completing the Renewal Invoice.

- **Invoice is mailed** to the current address of record filed with the Department of Insurance and posted to the Web site simultaneously.
- **Confirmation** of renewal information is on our Web site at <http://doi.ppr.ky.gov/kentucky/> click on eServices in the top right corner.
- **Renewal Period** is based solely on the license date.
- **Renewal Deadline** - License must be renewed no later than March 31 in even numbered year if licensed in an even year, or odd numbered years if licensed in an odd year.

The license renewal is solely the responsibility of the licensee. **Each licensee must:**

- **Sign** the renewal invoice verifying all information is accurate, or renew online.
- **Return the renewal invoice** directly to the Department or complete online.
- **Remit** any required non-refundable license **renewal fee** to the Department with the renewal invoice, either online or by check made payable to Kentucky State Treasurer, and

- **License is continuous and a new license certificate will not be issued at renewal.**

The licensee may check the Department's Web site to confirm that the Department has received the renewal invoice and any required renewal fees.

Failure to Renew License by Deadline – If the Department does not receive the license renewal invoice and any required fees by the deadline, the license will be automatically terminated as of the deadline. The licensee will be prohibited from transacting insurance business until the license is reissued.

However, if the licensee submits the renewal invoice, the **late renewal penalty payment** and any required renewal fees within 60 days after the deadline, the license may be reissued without the need for a new license application or other documentation. Upon expiration of the 60 days the license will be inactive. Note that there will be a gap in the license (and any appointments) from the inactive date until the date the Department receives and approves a new application with required attachments.

CONTINUING EDUCATION – N/A

**AGENT LICENSING AND OFFICE OF LEGAL SERVICES, INSURANCE DIVISION
GUIDELINES FOR PROCESSING LICENSING APPLICATIONS
WITH
NEGATIVE BACKGROUND INFORMATION
APPROVAL / DENIAL**

Upon receipt of every application, NAIC I-Site RIRS is checked as part of the initial processing procedure.

Have you ever been convicted of, or are you currently charged with, committing a crime, whether or not adjudication was withheld? Yes _____ No _____

“Crime” includes a misdemeanor, felony or a military offense. You may exclude misdemeanor traffic citations and juvenile offenses. “Convicted” includes, but is not limited to, having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendere, or having been given probation, a suspended sentence or a fine.

If you answer yes, you must attach to this application:

- **a written statement explaining the circumstances of each incident,**
- **a copy of the charging document, and**
- **a copy of the official document which demonstrates the resolution of the charges or any final judgment.**

Agent Licensing checks to make sure all three of the above-mentioned requests are attached to the application. When all documentation is complete, the application goes to “review.” Details on what exactly is needed are as follows:

- **a written statement explaining the circumstances of each incident (Must be VERY detailed – complete explanation – not just three or four sentences.)**

- a copy of the charging document (police citation, indictment, warrant, or other court document you received when charges were made).
- a copy of the official document which demonstrates the resolution of the charges or any final judgment (Court document showing final judgment of conviction, diversion agreement, or final court order signed by judge).

If these documents are no longer available from the court office, then a letter must be submitted from that court office stating they have been destroyed, OR a computer printout from the court office that is “certified” by a court employee may be submitted in lieu of the original documents. ALL DUI must be disclosed whether they are coded on AOC report as Traffic offense or Misdemeanor. We require this because all counties in Kentucky do not code DUI the same way. Therefore, to be consistent with each applicant, we require they be disclosed.

2. Have you or any business in which you are or were an owner, partner, officer, or director ever been involved in an administrative proceeding regarding any professional or occupational license? Yes_____ No_____

“Involved” means having a license censured, suspended, revoked, canceled, terminated; or being assessed a fine, placed on probation or surrendering a license to resolve an administrative action. “Involved” also means being named as a party to an administrative or arbitration proceeding, related to a professional or occupational license.

“Involved” also means having a license application denied or the act of withdrawing an application to avoid a denial. You may exclude terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee.

If you answer yes, you must attach to this application:

- a written statement identifying the type of license and explaining the circumstances of each incident,
- a copy of the Notice of Hearing or other document that states the charges and allegations, and
- a copy of the official document which demonstrates the resolution of the charges or any final judgment. (Consent Decree, Agreed Order, or Stipulation Agreement.)

Agent Licensing checks to make sure all three of the above-mentioned requests are attached to the application. If not, Agent Licensing writes back to the applicant to obtain these records. After receiving all attachments, the application goes to “review.”

Has any demand been made or judgment rendered against you for overdue monies by an insurer, insured or producer, or have you ever been subject to a bankruptcy proceeding? Yes_____ No_____

If you answer yes, submit a statement summarizing the details of the indebtedness and arrangements for repayment, and/or type, date, and location of bankruptcy.

Agent Licensing reviews all documentation on demand, judgment, or bankruptcy. The applicant is contacted if additional documentation is required for determination. If there is a bankruptcy, Agent Licensing requests that the “Discharge of Debtor” is attached to application with a brief

explanation of reason for bankruptcy. Also, if the bankruptcy happened within the last 2 years, a list of creditors must be supplied. Agent Licensing accepts faxed copies.

Have you been notified by any jurisdiction to which you are applying of any delinquent tax obligation that is not the subject of a repayment agreement? Yes_____ No_____

If you answer yes, identify the jurisdiction(s):_____

According to KRS 304.9-440 (1)(o) and other applicable state law, the Department of Insurance should be denying any applicant who has delinquent tax obligation that is not the subject of a repayment agreement in Kentucky. However, we will keep the application in a pending status for an extended period of time to allow applicant to contact Kentucky Revenue Cabinet and set up a repayment agreement. After receiving documentation that verifies the agreement, the applicant will then enter into an agreed order of probation for the same period of time it takes to repay the obligation to the State. Once the applicant and the Commissioner sign the agreed order, the application will be processed.

Are you currently a party to, or have you ever been found liable in, any lawsuit or arbitration proceeding involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty? Yes_____ No_____

If you answer yes, you must attach to this application:

- a) a written statement summarizing the details of each incident, (Written statement giving full details of each incident involving allegations of fraud, misappropriation or conversion of funds, misrepresentation or breach of fiduciary duty.)**
- b) a copy of the Petition, Complaint or other document that commenced the lawsuit or arbitration.**
- c) a copy of the official document which demonstrates the resolution of the charges or any final judgment.**

Agent Licensing checks to make sure all three of the above-mentioned requests are attached to the application. If not, Agent Licensing writes back to the applicant to obtain these records. After all documentation is received, application goes to "review."

Have you or any business in which you are or were an owner, partner, officer or director ever had an insurance agency contract or any other business relationship with an insurance company terminated for any alleged misconduct? Yes_____ No_____

If you answer yes, you must attach to this application:

- a written statement summarizing the details of each incident and explaining why you feel this incident should not prevent you from receiving an insurance license, and copies of all relevant documents.**

Agent Licensing checks to make sure all of the above-mentioned requests are attached to the application. If not, Agent Licensing writes back to the applicant to obtain these records. After all documentation is received, application goes to "review."

7. Do you have a child support obligation in arrearage? Yes_____ No_____

If you answer yes to Question 7, by how many months are you in arrearage?
_____ **Months**

Agent Licensing requires applicant to submit official documentation showing that child support payments are being made. This may be a computer printout from court-ordered overseer of the account, or a copy of pay stubs showing automatic withdrawal of child support payments.

8. Are you the subject of a child support related subpoena or warrant? Yes_____ No_____

Agent Licensing sends all applications with this question marked “yes” to Legal for review. Legal advises Agent Licensing staff of additional items to request, or calls the applicant directly.

NOTES:

Any time a background infraction is disclosed, the review may require additional days to process. Based on the charges, the application may be pending review for several weeks, even several months. Occasionally, our Department has to make calls or correspond with other attorneys or court offices to obtain all the information we need to make a fair judgment.

When monitoring the status of an application, don’t be alarmed if you see a “denied” status, as long as you know the applicant is working with us to provide additional information. Our system automatically “denies” a record after so many days. This status can be overridden for applicants in Legal Review.

The best advice Agent Licensing can give is for every applicant to take the time and attach ALL requested documents when submitting the application initially. This allows the application to go to “review” as soon as it is entered in our system, without having to write back for additional items.